GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:756
ANSWERED ON:28.04.2016
Agreement for Swapping of Coal
Patil Shri Chandrakant Raghunath

Will the Minister of COAL be pleased to state:

(a) whether the Government is aware about the agreement of swapping of coal with Gujarat Government/Gujarat State Electricity Corporation Ltd. (GSECL) with National Thermal Power Corporation Limited to reduce the burden of transportation cost of fuel;
(b) if so, whether the Government/Western Coalfields Limited (WCL) would supply the coal to GSECL at notified rates only and not on cost plus, as the same shall not be viable to GSECL as cost will increase;
(c)if so, the time-frame to allocate more coal from WCL to GSECL to cater to its requirement at notified rates only;
(d) whether transfer/swapping will be based on heating value terms;
(e) if so, whether the WCL will allow the third party to do the sampling and analysis at loading, if so, the details thereof;
(f) whether the GSECL's proposal of its consultation before finalization of the specifications of imported coal and swapping of coal at mine and port site has been agreed to by the WCL/Government; and
(g)if so, the details of terms and conditions of that agreement?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND NEW AND RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a)to(c): The new Inter-Ministerial Task Force (IMTF) constituted by the Government in June, 2014 has inter-alia, recommended partial shifting of linkages of about 1.2 Million Tonne from South Eastern Coalfields Limited (SECL) to Western Coalfields Limited (WCL), leading to savings in transportation costs of about Rs.100 Crore to Gujarat State Electricity Corporation Ltd (GSECL). Apart from this, swapping of coal between GSECL and National Thermal Power Corporation (NTPC) [Sipat] has also been implemented. This will result in rationalization of transportation of 1.3 million tonnes of coal per annum and lead to potential savings of Rs. 458 Cr. per annum.
Linkages from WCL also entail the cost-plus issue, viz. coal from WCL against new linkages is not available at notified price of Coal India Limited (CIL). This is on account of viability issues of WCL mines due to high stripping ratio. Existing allocation of coal to GSECL power plants is, therefore, according to availability of coal in coal companies and taking into account logistic constraints.WCL had offered a mix of coal from cost - plus sources and notified price sources to GSECL out of transferred quantity of 1.2 Million Tonne from SECL to WCL.
(d)to(g):Regarding swapping of coal between GSECL's domestic coal linkage from Korea − Rewa coalfield of SECL with imported coal of NTPC,the domestic coal against FSA of GSECL from Korea-Rewa was allowed to be used by NTPC for their Sipat Thermal Power Station. Only destination change of domestic coal was allowed, keeping all other terms constant, subject to railway logistics. Arrangement with respect to imported coal was to be on their mutual terms, subject to decision in this regard by Central Electricity Authority(CEA) and Ministry of Power. GSECL later on requested to include Korba Coalfields in addition to Korea Rewa under the swapping arrangements which was agreed to. The detailed terms and conditions like heating value, specifications of imported coal, swapping at mine and port etc. are mutually agreed between NTPC and GSECL. Coal companies allow third party sampling and analysis at loading end for power utilities.

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